



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT ALLOCATION OF THIRD PARTY REVENUE COLLECTIONS IN EXCESS OF PLANNED AMOUNTS TO THE CLINICS GENERATING THE REVENUE	POLICY NO. 800.05	EFFECTIVE DATE 07/01/1990	PAGE 1 of 2
APPROVED BY: Original signed by: ROBERTO QUIROZ Director	SUPERSEDE 400.7 07/01/1990	ORIGINAL ISSUE DATE 04/17/1990	DISTRIBUTION LEVEL(S) 1

PURPOSE

- 1.1 To provide policy and guidelines regarding the Department of Mental Health (DMH) system to direct a portion of third party revenues generated by clinics, in excess of their budgets, back to the originator facilities.

POLICY

- 2.1 A portion of any clinic's State and/or County General Funds savings resulting from the collection of patient and third party revenues in excess of budget shall be retained by the originating clinic, except when restricted by the CAO, Board of Supervisors, or DMH Director.

PROCEDURES

- 3.1 The Assistant Director, Program Services, shall establish, for each County clinic, planned amounts for patient fees, insurance, Medicare, and Short-Doyle/Medi-Cal revenues. These planned amounts shall become the base line for determining the clinic's retention of State and/or County General Funds savings. The planned amounts also become the following fiscal year's budgeted revenues for the respective payor sources.
- 3.2 The clinic's collection of patient fees insurance, Medicare, and Short-Doyle/Medi-Cal revenues in excess of the planned amounts creates savings in State and County General Funds allocated to the clinic. These savings equal the excess of patient fees, insurance, Medicare, and Short-Doyle/Medi-Cal revenues.
- 3.3 Unless restricted by the CAO, Board of Supervisors, or DMH Director, 50% of any savings in State and/or County General Funds resulting from patient fees, insurance, Medicare, and Short-Doyle/Medi-Cal revenues collected in excess of the planned amounts shall be retained by the clinic for the use in the fiscal year in which the savings are realized. The balance of the savings shall be utilized at the Departmentwide level.
- 3.4 The State and/or County General Funds savings retained by the clinic cannot be used for any expenditures which would result in the clinic's cost per unit of service(s) being in excess of the State's maximum allowable rate(s).



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- 3.5 Any State and/or County General Funds savings which are retained by the clinic must be expended in conformance with State categorical restrictions and regulations.
- 3.6 Clinics shall be responsible for any subsequent utilization review or other audit disallowance adjustments made which are associated with the increased patient fees, insurance, Medicare, and Short-Doyle/Medi-Cal revenue. Adjustments based on these reviews shall be made to the amount of the State and/or County General Funds retained.
- 3.7 Clinics shall only be entitled to State and/or County General Funds savings which result from their collection actions. Clinics shall not be entitled to the State and/or County General Funds savings which result from Central Administration's direct collection activities. Central Administration collection activities identify patient and third party revenues not identified by the clinic.
- 3.8 DMH Revenue Management Division will identify, on a monthly basis, the additional amount to be retained for use in the fiscal year in which the savings are realized by the clinic as the result of this policy.

AUTHORITY

Department of Mental Health Policy